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**CITY OF EUNICE, LOUISIANA**

**Financial Report**

**Year Ended June 30, 2008**

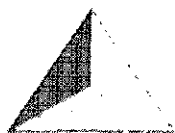
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Release Date 1/28/09

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(A Corporation of Certified Public Accountants)

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**INDEPENDENT AUDITOR'S REPORT**

The Honorable Mayor Robert A. "Bob" Morris  
and Members of the Council  
City of Eunice, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eunice, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Eunice, Louisiana's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eunice, Louisiana, as of June 30, 2008, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 10, 2008, on our consideration of the City of Eunice, Louisiana's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other

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matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in conjunction with this report in considering the results of our audit.

The City of Eunice, Louisiana has not presented a management's discussion and analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

The budgetary comparison information on pages 38 and 39 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Eunice, Louisiana's financial statements. The combining and individual non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Also, the accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations". The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Darnall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
November 10, 2008

## BASIC FINANCIAL STATEMENTS

CITY OF EUNICE, LOUISIANA

Statement of Net Assets  
June 30, 2008

	Governmental Activities	Business-Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 3,612,939	\$ 507,711	\$ 4,120,650
Investments, at cost	700,000	-	700,000
Receivables (net of allowance for uncollectibles):			
Accounts	115,926	428,920	544,846
Taxes	435,091	-	435,091
Due from governmental units	366	-	366
Due from other funds	11,176	9,385	20,561
Prepaid items	146,627	39,749	186,376
Restricted assets:			
Cash and cash equivalents	189,148	63,180	252,328
Investments, at cost	200,000	200,000	400,000
Capital assets:			
Depreciable (net)	9,071,772	7,799,609	16,871,381
Non-depreciable	<u>1,314,015</u>	<u>-</u>	<u>1,314,015</u>
Total assets	<u>15,797,060</u>	<u>9,048,554</u>	<u>24,845,614</u>
Liabilities:			
Accounts payable	184,619	51,265	235,884
Accrued liabilities	132,301	98,602	230,903
Due to other funds	2,395	3,808	6,203
Compensated absences payable	56,247	11,685	67,932
Payable from restricted assets -			
Customers' deposits	-	263,180	263,180
Non-current liabilities			
Due within one year:			
Notes payable	61,546	55,072	116,618
Bonds payable	95,000	-	95,000
Due in more than one year:			
Compensated absences	58,695	-	58,695
Notes payable	201,761	81,857	283,618
Bonds payable	<u>2,160,000</u>	<u>-</u>	<u>2,160,000</u>
Total liabilities	<u>2,952,564</u>	<u>565,469</u>	<u>3,518,033</u>
Net Assets:			
Investment in capital, net of related debt	7,867,480	7,799,609	15,667,089
Restricted for prepaid items	146,627	302,929	449,556
Restricted for debt service	245,884	-	245,884
Unrestricted	<u>4,584,505</u>	<u>380,547</u>	<u>4,965,052</u>
Total net assets	<u>\$ 12,844,496</u>	<u>\$ 8,483,085</u>	<u>\$ 21,327,581</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Statement of Activities  
Year Ended June 30, 2008

Activities	Expenses	Program Revenues		
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital grants and Contributions
Government activities:				
General government	\$ 1,664,806	\$ 627,940	\$ 15,000	\$ -
Public safety:				
Police	2,288,263	70,836	41,823	-
Fire	1,132,905	-	74,320	-
Streets	745,219	-	35,000	-
Culture and recreation	896,664	-	8,080	-
Sanitation	24,465	-	-	-
Airport	83,380	-	-	757,892
Interest	111,530	-	-	-
Total government activities	<u>6,947,232</u>	<u>698,776</u>	<u>174,223</u>	<u>757,892</u>
Business type activities:				
Gas	2,268,964	2,267,631	-	-
Sewer	1,357,209	1,257,821	-	-
Total business-type activities	<u>3,626,173</u>	<u>3,525,452</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 10,573,405</u>	<u>\$ 4,224,228</u>	<u>\$ 174,223</u>	<u>\$ 757,892</u>

General Revenues:

Taxes -

Property taxes, levied for general purpose

Sales and use taxes, levied for general purposes

Payment in lieu of taxes

Franchise and chain store taxes

Gain (loss) on sale of capital assets

Interest and investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net assets

Net assets - July 1, 2007

Net assets - June 30, 2008

Net (Expense) Revenues and  
Changes in Net Assets

Governmental Activities	Business-Type Activities	Total
\$ (1,021,866)	\$ -	\$ (1,021,866)
(2,175,604)	-	(2,175,604)
(1,058,585)	-	(1,058,585)
(710,219)	-	(710,219)
(888,584)	-	(888,584)
(24,465)	-	(24,465)
674,512	-	674,512
(111,530)	-	(111,530)
<u>(5,316,341)</u>	<u>-</u>	<u>(5,316,341)</u>
-	(1,333)	(1,333)
-	<u>(99,388)</u>	<u>(99,388)</u>
-	<u>(100,721)</u>	<u>(100,721)</u>
<u>(5,316,341)</u>	<u>(100,721)</u>	<u>(5,417,062)</u>
618,452	-	618,452
4,570,979	-	4,570,979
7,600	-	7,600
742,549	-	742,549
8,779	(308)	8,471
120,141	15,361	135,502
1,061,055	31,301	1,092,356
158,833	<u>(158,833)</u>	<u>-</u>
<u>7,288,388</u>	<u>(112,479)</u>	<u>7,175,909</u>
1,972,047	(213,200)	1,758,847
10,872,449	8,696,285	19,568,734
<u>\$ 12,844,496</u>	<u>\$ 8,483,085</u>	<u>\$ 21,327,581</u>

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENT (FFS)

CITY OF EUNICE, LOUISIANA

Balance Sheet-Governmental Funds  
June 30, 2008

ASSETS	General Fund	Sales Tax Fund	Other Governmental Funds	Total
Cash and cash equivalents	\$ 300,525	\$ 3,406,592	\$ 294,970	\$ 4,002,087
Investments, at cost	-	500,000	200,000	700,000
Receivables (net of allowance for uncollectibles):				
Accounts	115,704	-	222	115,926
Taxes	1,830	-	-	1,830
Due from governmental units	366	-	-	366
Due from other funds	19,434	82,844	150	102,428
Prepaid items	146,627	-	-	146,627
Total assets	<u>\$ 584,486</u>	<u>\$ 3,989,436</u>	<u>\$ 495,342</u>	<u>\$ 5,069,264</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Account payable	\$ 147,307	\$ 37,312	\$ -	184,619
Accrued liabilities	127,234	61,314	-	188,548
Due to other funds	2,396	-	91,251	93,647
Total liabilities	<u>276,937</u>	<u>98,626</u>	<u>91,251</u>	<u>466,814</u>
Fund balances:				
Reserved for prepaid items	146,627	-	-	146,627
Reserved for debt service	-	-	245,884	245,884
Unreserved, undesignated	160,922	3,890,810	158,207	4,209,939
Total fund balances	<u>307,549</u>	<u>3,890,810</u>	<u>404,091</u>	<u>4,602,450</u>
Total liabilities and fund balances	<u>\$ 584,486</u>	<u>\$ 3,989,436</u>	<u>\$ 495,342</u>	<u>\$ 5,069,264</u>

The accompanying notes are an integral part of the basic financial statements.

# CITY OF EUNICE, LOUISIANA

## Reconciliation of the Governmental Funds Balance Sheet to the State of Net Assets Year Ended June 30, 2008

Total fund balances for governmental funds at June 30, 2008	\$ 4,602,450
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:	
Land	\$ 1,314,015
Building, net of \$4,194,100 accumulated depreciation	6,561,332
Infrastructure, net of \$135,906 accumulated depreciation	1,304,678
Equipment, net of \$1,184,965 accumulated depreciation	611,284
Auto, net of \$1,533,845 accumulated depreciation	<u>594,478</u>
	10,385,787
Sales taxes which were not measurable at year end and not considered available as current financial resources at year end	433,261
Elimination of interfund assets and liabilities:	
Due from other funds	(91,252)
Due to other funds	<u>91,252</u>
	-
Revenues in the statements of activities that do not provide current financial resources are not reported as revenues in the funds	-
Some liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Those liabilities consist of:	
Compensated absences	(58,695)
Notes payable	(263,307)
Recreation bonds payable	<u>(2,255,000)</u>
	<u>(2,577,002)</u>
Total net assets of governmental activities at June 30, 2008	<u>\$ 12,844,496</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Statement of Revenues, Expenditures and Change in  
Fund Balances – Governmental Funds  
Year Ended June 30, 2008

	General Fund	Sales Tax Fund	Other Governmental Funds	Total
<b>Revenues</b>				
Taxes	\$ 1,361,001	\$ 4,627,877	\$ -	\$ 5,988,878
Licenses and permits	530,426	-	-	530,426
Intergovernmental revenues	532,851	845,692	128,581	1,507,124
Fines, forfeitures and bonds	65,824	-	5,012	70,836
Liberty Cajun Music Show	97,514	-	-	97,514
Interest	11,400	101,662	7,079	120,141
Miscellaneous	<u>396,640</u>	<u>121,160</u>	<u>71</u>	<u>517,871</u>
Total revenues	<u>2,995,656</u>	<u>5,696,391</u>	<u>140,743</u>	<u>8,832,790</u>
<b>Expenditures:</b>				
Current -				
General government	1,309,929	92,463	10,162	1,412,554
Public safety	3,094,413	34,012	116,370	3,244,795
Public works	625,490	44,479	-	669,969
Health and welfare	7,020	-	-	7,020
Culture and recreation	659,894	102,000	-	761,894
Other	44,476	-	266	44,742
Capital outlay	-	1,500,283	-	1,500,283
Debt service:				
Principal retirement	-	-	195,000	195,000
Interest and fiscal charges	<u>-</u>	<u>-</u>	<u>111,530</u>	<u>111,530</u>
Total expenditures	<u>5,741,222</u>	<u>1,773,237</u>	<u>433,328</u>	<u>7,947,787</u>
Excess (deficiency) of revenues over expenditures	<u>(2,745,566)</u>	<u>3,923,154</u>	<u>(292,585)</u>	<u>885,003</u>
<b>Other financing sources (uses):</b>				
Operating transfers in	3,010,387	-	300,000	3,310,387
Operating transfers out	-	(3,151,554)	-	(3,151,554)
Proceeds from sale of capital assets	21,692	-	-	21,692
Issuance of long-term debt	<u>-</u>	<u>263,307</u>	<u>-</u>	<u>263,307</u>
Total other financing sources (uses)	<u>3,032,079</u>	<u>(2,888,247)</u>	<u>300,000</u>	<u>443,832</u>
Excess of revenues and other sources over expenditures and other uses	286,513	1,034,907	7,415	1,328,835
Fund balances, beginning	<u>21,036</u>	<u>2,855,903</u>	<u>396,676</u>	<u>3,273,615</u>
Fund balances, ending	<u>\$ 307,549</u>	<u>\$ 3,890,810</u>	<u>\$ 404,091</u>	<u>\$ 4,602,450</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Reconciliation of the Statement of revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds  
To the Statement of Activities  
Year Ended June 30, 2008

Total net changes in fund balance at June 30, 2008 per statement of revenues, expenditures and changes in fund balances	\$ 1,328,835
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The change in net assets reported for governmental activities  
in the statement of activities is different because:

Governmental funds report capital outlays as expenditures.  
However, in the statements of activities, the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense.

Capital outlay which is considered expenditures on the statement of revenues, expenditures and change in fund balances	\$ 1,429,914	
Depreciation expense for the year ended June 30, 2008	<u>(612,124)</u>	817,790

Proceeds from sale of capital assets is an other financing source in governmental funds. However, in the Statement of Activities, only the proceeds in excess or below the capital asset book value are reported in the Statement of Activities	(19,405)
--	----------

Add: Payments on long term debt	195,000
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Proceeds from the issuance of debt including notes payable, is an  
other financing source in the governmental funds. However in the  
Statement of Activities, the issuance of debt increases long-term  
liabilities:

Note payable	(263,307)
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Less: Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(74,631)
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Some items reported in the statement of activities do not require  
the use of current financial resources and, therefore, are not  
reported as expenditures in governmental funds. These activities  
consist of:

Increase in compensated absences	<u>(12,235)</u>
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Total changes in net assets at June 30, 2008 per statement of activities	<u>\$ 1,972,047</u>
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The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Proprietary Funds  
Statement of Net Assets  
June 30, 2008

	<u>Business-Type Enterprise fund</u>
Assets:	
Cash and cash equivalents	\$ 770,891
Receivables (net of allowance for uncollectibles)	428,920
Due from other funds	9,385
Prepaid items	39,749
Utility, plant and equipment, at cost	15,464,309
Accumulated depreciation	<u>(7,664,700)</u>
Total assets	<u>9,048,554</u>
Liabilities:	
Accounts payable	51,265
Accrued liabilities	110,287
Due to other funds	3,808
Note payable	136,929
Payable from restricted assets-	
Customers' deposits	<u>263,180</u>
Total liabilities	<u>565,469</u>
Net Assets:	
Investment in capital assets, net of related debt	7,799,609
Unrestricted	<u>683,476</u>
Total net assets	<u>\$ 8,483,085</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Proprietary Funds  
Statements of Revenues, Expenses, and Changes in Fund Net Assets  
Year Ended June 30, 2008

	Business - Type Activities - Enterprise Fund
Operating revenues:	
Charges for services	\$ 3,465,390
Other billings to customers	<u>60,062</u>
Total operating revenues	<u>3,525,452</u>
Operating expenses:	
Payroll and related benefits	523,893
Gas purchases	1,684,439
Supplies and materials	152,432
Repairs and maintenance	374,504
Office expenses	35,289
Professional fees	17,443
Insurance	168,202
Depreciation	319,327
Permits	13,358
Utilities and telephone	312,258
Miscellaneous	<u>25,028</u>
Total operating expenses	<u>3,626,173</u>
Operating loss	<u>(100,721)</u>
Nonoperating income(loss):	
Interest earned on investments	15,361
Other income	31,301
Loss on sale of capital assets	<u>(308)</u>
Total nonoperating income	<u>46,354</u>
Loss before operating transfers	<u>(54,367)</u>
Operating transfers:	
Operating transfers in	279,817
Operating transfers out	<u>(438,650)</u>
Total operating transfers	<u>(158,833)</u>
Change in net assets	(213,200)
Net assets, beginning	<u>8,696,285</u>
Net assets, ending	<u>\$ 8,483,085</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2008

	Business - Type Activities - Enterprise Fund
Cash flows from operating activities:	
Receipts from customers	\$ 3,519,364
Payments to suppliers	(2,804,608)
Payments to employees	<u>(523,893)</u>
Net cash provided by operating activities	<u>190,863</u>
Cash flows from noncapital financing activities:	
Other receipts	31,301
Transfers from other funds	270,552
Transfers to others funds	<u>(446,968)</u>
Net cash used by noncapital financing activities	<u>(145,115)</u>
Cash flows from capital and related financing activities:	
Proceeds from meter deposits	2,660
Proceeds from note payable	136,929
Proceeds from sale of fixed assets	718
Acquisition of property, plant and equipment	<u>(73,716)</u>
Net cash provided by capital and related financing activities	<u>66,591</u>
Cash flows from investing activities:	
Interest on investments	<u>15,361</u>
Net cash provided by investing activities	<u>15,361</u>
Net increase in cash and cash equivalents	127,700
Cash and cash equivalents, beginning of year	<u>643,191</u>
Cash and cash equivalents, end of year	<u>\$ 770,891</u>

(Continued)

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA

Statement of Cash Flows  
Proprietary Funds (Continued)  
Year Ended June 30, 2008

	Business - Type Activities - Enterprise Fund
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (100,721)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	319,327
Changes in current assets and liabilities:	
Increase in accounts receivable(net)	(6,091)
Increase in prepaid items	(10,967)
Decrease in accounts payable	(10,886)
Increase in accrued liabilities	<u>201</u>
Net cash provided by operating activities	<u>\$ 190,863</u>
Reconciliation of cash and cash equivalents per the statement of cash flows to the statement of net assets:	
Cash and cash equivalents, beginning of year -	
Cash - unrestricted	\$ 377,203
Cash - restricted	<u>265,988</u>
Total cash and cash equivalents	<u>643,191</u>
Cash and cash equivalents, end of year -	
Cash - unrestricted	502,409
Cash - restricted	<u>268,482</u>
Total cash and cash equivalents	<u>770,891</u>
Net increase	<u>\$ 127,700</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA  
Fiduciary Fund  
Payroll Fund

Statement of Net Assets  
June 30, 2008

ASSETS

Cash	\$ 121,455
Due from other funds	2,275
Prepaid assets	<u>7,031</u>
Total assets	<u>\$ 130,761</u>

LIABILITIES

Accrued liabilities	\$ 114,128
Due to other funds	<u>16,633</u>
Total liabilities	<u>\$ 130,761</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF EUNICE, LOUISIANA  
Fiduciary Fund  
Payroll Fund

Statement of Changes in Net Assets  
Year Ended June 30, 2008

	Balance 6/30/2007	Additions	Deductions	Balance 6/30/2008
<b>ASSETS</b>				
Cash	\$ -	\$ 121,455	\$ -	\$ 121,455
Prepaid assets	3,829	3,202	-	7,031
Due from other funds	117,976	2,275	117,976	2,275
Total assets	<u>\$ 121,805</u>	<u>\$ 126,932</u>	<u>\$ 117,976</u>	<u>\$ 130,761</u>
<b>LIABILITIES</b>				
Accrued liabilities	\$ 121,805	\$ -	\$ 7,677	\$ 114,128
Due to other funds	-	16,633	-	16,633
Total liabilities	<u>\$ 121,805</u>	<u>\$ 16,633</u>	<u>\$ 7,677</u>	<u>\$ 130,761</u>

The accompanying notes are an integral part of the basic financial statements.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Eunice was incorporated in 1909 under the Lawrason Act, and is administered under the Mayor and Board of Aldermen form of government. The accounting and reporting policies of the City of Eunice conform to United States generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant Financial Accounting Standards Board (FASB) pronouncements in the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989 have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:513 and to the guides set forth in the *Louisiana Municipal Audit and Accounting Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*, published by the American Institute of Certified Public Accountants.

The following is a summary of the more significant accounting policies:

##### Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations and accountability for fiscal matters. The other criterion used to evaluate potential component units for inclusion in the reporting entity is the existence of special financing relationships, regardless of whether the City is able to exercise oversight responsibilities.

Based on the foregoing criteria, the following governmental organizations are not considered part of the City because they are not material in relation to the financial statement taken as a whole and are thus excluded from the accompanying financial statements for the reasons noted:

The Eunice City Court and City Marshall are operated under the directorship of the City Judge and Marshall who are elected public officials. Revenues are derived from court costs and the City cannot significantly influence operations nor does it have responsibility for fiscal management. A copy of the financial statements can be obtained from the City of Eunice, Louisiana.

The Opelousas-Eunice Public Library is a joint venture between the cities of Opelousas and Eunice. The City of Eunice does not exercise significant influence over management or fiscal matters of the Library. A copy of the joint ventures separate financial statements can be obtained from the Opelousas-Eunice Public Library, P.O. Box 249, Opelousas, LA 70570.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The municipality's officials are also responsible for appointing the members of the board of the Housing Authority of Eunice, Louisiana. This agency is considered to be a related organization since the municipality appoints the governing board but is not financially accountable for the organization. A copy of the financial statements can be obtained from the Eunice Housing Authority, P.O. Box 224, Eunice, LA 70535.

##### Basis of Presentation

##### Government - Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the nonfiduciary activities of the City of Eunice, the primary government, as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of activities presents a comparison between direct expenses and program revenues for the business type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees, fines, and charges paid by the recipients of goods and services offered by the programs, and (b) requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

##### Fund Financial Statements

The accounts of the City of Eunice are organized on the basis of funds each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses as appropriate.

Government resources are allocated to and accounted for in individual funds based upon the purpose for which spending activities are controlled. The various funds are grouped in the financial statements in this report, into seven generic fund types and three broad fund categories. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. Total assets, liabilities, revenues, or expenditures/expense of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the City are described below:

**Governmental Funds -**

General Fund

The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Fund - Sales Tax Fund

Special revenues funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Additionally, the City reports the following fund types:

Other Special Revenue Funds

Special revenues funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Funds

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs.

Fiduciary Funds

Fiduciary fund types are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the government. When these assets are held under the terms of a formal trust agreement, either a pension trust fund, a nonexpendable trust fund or an expendable trust is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent. The City of Eunice's fiduciary fund is the payroll fund.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### **Proprietary Funds -**

###### Enterprise Fund

The Enterprise Fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises -where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis to be financed or recovered primarily through user charges; or (b) where the governing body has decided the periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. The City of Eunice's enterprise fund is the utility fund. It accounts for the provision of gas and sewer services to residents of the City.

Proprietary funds are reported in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and other Governmental Entities that use Proprietary Fund Accounting. This standard requires that all applicable GASB pronouncements, Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board (APB) Opinions, and Accounting Research Bulletins (ARBs) issued on or before November 30, 1989 be applied to proprietary activities unless they (FASB Statements and Interpretations, ARB Opinions, and ARBs) conflict with or contradict GASB pronouncements.

GASB Statement No. 20 also states that for proprietary activities management may elect to apply all FASB Statement and Interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements. Proprietary activities under control of the City will not elect to apply FASB Statements and Interpretations issued after November 30, 1989, unless they are adopted by GASB.

###### Measurement Focus/Basis of Accounting

Measurement focus is the term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

###### Measurement Focus

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- b. The proprietary fund utilizes an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.

##### Basis of Accounting

In the government-wide statement of net assets and statements of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Sales taxes are considered "measurable" when collected by the collection agency and are recognized as revenue at that time. Ad valorem taxes are recognized as revenue in the year in which they are billed. Fees and non tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Available means collectible within the current period or soon enough thereafter to pay current liabilities, usually 60 days.

Those revenues susceptible to accrual are property taxes, grant revenues and interest revenue.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred except that accumulated unpaid vacation and sick pay are not accrued and principal and interest on general long-term debt are recognized when due. Purchases of various operating supplies are regarded as expenditures at the time purchased.

The proprietary fund is accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when incurred.

Bad debts are written off when accounts became worthless.

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses).

##### Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general and some special revenue funds as required by law. All annual appropriations lapse at fiscal year end. Project-length financial plans are adopted for all capital project funds; therefore, they are not included in this report.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances are not recorded in the financial statements.

The budget presented is as amended by the Board of Aldermen. Expenditures may not legally exceed budgeted appropriations by more than 5% at the individual fund level.

##### Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the City's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the City's general revenues.

##### Allocation of indirect expenses

The City reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses of other functions are not allocated to those functions, but are reported separately in the Statement of Activities. Depreciation expense is specifically identified by function and is included in the direct expense of each function. Interest on general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

##### Cash and Investments

Cash includes amounts in demand deposits. Investments include certificates of deposit and time deposits. The bank balance of cash and investments is covered by federal depository insurance or by collateral in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

##### Short-Term Interfund Receivable/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Assets.

##### Prepaid Items

Payments made for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items.

##### Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. All purchased fixed assets are valued at cost or estimated historical cost. The amounts of estimated costs are immaterial to these financial statements. Donated fixed assets are stated at their fair market value on the date donated. The City maintains a threshold level of \$2,500 or more for capitalizing capital assets.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of assets is as follows:

Buildings	40 years
Equipment	7 years
Vehicles	5 years
Utility system and improvements	25-50 years

Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method. The estimated useful lives are as follows:

Gas system	67 years
Sewerage system	40-67 years
Meters & regulators	25 years
Vehicle & other equipment	4-10 years

#### Compensated Absences

Vested compensatory time that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested compensatory time of the proprietary fund is recorded as an expense and liability of that fund as the benefits accrue to employees. In accordance with the provisions of Statement of Financial Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. Vacation time is allowed January 1st and lapse December 31<sup>st</sup> of each year if not used.

#### Long-Term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of the revenue bonds payable.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as expenditures. The accounting for proprietary fund long-term debt is the same in the fund statements as it is in the government-wide statements.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Equity Classifications

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consist of net assets with constraints placed on the use either by (1) external groups, such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."
- d. In the fund financial statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated. Proprietary fund equity is classified the same as in the government-wide statements. The City's policy is to first apply unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

##### Revenues, Expenditure, and Expenses

###### Operating Revenues and Expenses -

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenues and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues and expenses not meeting this definition are reported as non operating revenues and expenses.

###### Expenditures / Expenses -

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental Funds - By Character

Proprietary Fund - By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources while proprietary funds report expenses relating to use of economic resources.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

##### Interfund Transactions

Transactions that constitute reimbursements to a fund expenditure/expense initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

For purposes of the statement of activities, all interfund transfers between individual governmental funds have been eliminated.

##### Concentration of Risks

Concentration of risks with respect to the City is subject to the conditions of the limited geographical area of the City.

##### Estimates

The preparation of financial statements in conformity with United States generally accepted accounting principles required management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

##### Statement of Cash Flows

For purposes of the statement of cash flows, all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are considered to be cash equivalents.

#### NOTE 2 LEGAL COMPLIANCE - BUDGETS

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

The City Clerk prepares a proposed budget and submits same to the Mayor and Council no later than fifteen days prior to the beginning of each fiscal year.

A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.

A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.

# CITY OF EUNICE, LOUISIANA

## Notes to Financial Statements

### NOTE 2 LEGAL COMPLIANCE – BUDGETS (Continued)

After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.

Budgetary amendments involving the transfer of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Council.

Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles of the United States of America. Budgeted amounts are as originally adopted or as amended from time to time by the Board of Aldermen. The budget was amended prior to the fiscal year end June 30, 2008.

### NOTE 3 CASH AND INTEREST-BEARING DEPOSITS

Under state law, the City may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The City may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2008, the City had cash, book balances and interest-bearing deposits as follows:

Demand deposits/savings	<u>\$ 5,594,433</u>
-------------------------	---------------------

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balance) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balance) at June 30, 2008, are secured as follows:

Bank balances	<u>\$ 5,630,997</u>
Federal deposit insurance	100,000
Pledged securities (Category 3)	<u>5,904,365</u>
Total	<u>6,004,365</u>
Excess	<u>\$ 373,368</u>

Pledged securities in Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the City's name. Even though the pledged securities are considered uncollateralized (Category 3) Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent has failed to pay deposited funds upon demand.

# CITY OF EUNICE, LOUISIANA

## Notes to Financial Statements

### NOTE 4 RECEIVABLES

Receivables at June 30, 2008 in the fund financial statements consist of the following:

	General	Other Governmental	Enterprise	Total
Taxes	\$ 2,288	\$ -	\$ -	\$ 2,288
Accounts	115,704	222	478,920	594,846
Gross receivables	117,992	222	478,920	597,134
Less: allowance for uncollectibles	458	-	50,000	50,458
Net total receivables	<u>\$ 117,534</u>	<u>\$ 222</u>	<u>\$ 428,920</u>	<u>\$ 546,676</u>

Accounts receivables in the Enterprise Fund consist of billed and unbilled receivables relating to gas and sewerage services. Gas accounts receivable are divided into two billing cycles. Cycle 1 is billed for meters read from the 1st through the 15th and Cycle 2 is billed for meters read the 16th through 24<sup>th</sup>. Billed receivables at June 30, 2008 were \$244,856 and unbilled receivables were \$234,064.

Ad Valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in September or October and are actually billed to the taxpayer in November. Billed taxes become delinquent on January 1 of the following year. Revenues from Ad Valorem taxes are budgeted in the year billed.

The City bills and collects its own property taxes using the assessed values determined by the tax assessors of St. Landry Parish and Acadia Parish.

For the year ended June 30, 2008 taxes of 11.77 mills were levied on property with an assessed valuation totaling \$52,665,690 and were dedicated as follows:

	Mileage	Duration
General corporate tax	6.77 mills	Permanent
Street maintenance	5.00 mills	2002-2011
	<u>11.77</u>	

Total taxes levied were \$618,452. Taxes receivable, net of allowance for uncollectibles, at June 30, 2008 were \$1,830.

## CITY OF EUNICE, LOUISIANA

## Notes to Financial Statements

## NOTE 5 CAPITAL ASSETS

Capital asset activity for the year was as follow:

	Balance 6/30/2007	Additions	Deletions	Balance 6/30/2008
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,314,015	\$ -	\$ -	\$ 1,314,015
Other capital assets:				
Buildings & recreation	9,803,208	952,224	-	10,755,432
Infrastructure	1,435,606	4,978	-	1,440,584
Equipment	1,765,797	30,452	-	1,796,249
Auto	<u>1,737,347</u>	<u>442,260</u>	<u>51,284</u>	<u>2,128,323</u>
Total capital assets	<u>16,055,973</u>	<u>1,429,914</u>	<u>51,284</u>	<u>17,434,603</u>
Less accumulated depreciation				
Buildings & recreation	3,925,608	268,492	-	4,194,100
Infrastructure	67,986	67,920	-	135,906
Equipment	1,049,246	135,719	-	1,184,965
Auto	<u>1,426,249</u>	<u>139,993</u>	<u>32,397</u>	<u>1,533,845</u>
Total accumulated depreciation	<u>6,469,089</u>	<u>612,124</u>	<u>32,397</u>	<u>7,048,816</u>
Governmental activities, capital assets, net	<u>\$ 9,586,884</u>	<u>\$ 817,790</u>	<u>\$ 18,887</u>	<u>\$10,385,787</u>
Business-type activities:				
Other capital assets:				
Gas system	\$ 5,564,289	\$ -	\$ 526	\$ 5,563,763
Sewer system	9,231,626	61,350	-	9,292,976
Auto's and trucks	148,687	12,366	18,819	142,234
Equipment	<u>465,336</u>	<u>-</u>	<u>-</u>	<u>465,336</u>
Total capital assets	<u>15,409,938</u>	<u>73,716</u>	<u>19,345</u>	<u>15,464,309</u>
Less accumulated depreciation				
Gas system	2,513,896	86,276	-	2,600,172
Sewer system	4,331,290	205,086	-	4,536,376
Auto's and trucks	132,789	9,353	18,319	123,823
Equipment	<u>385,717</u>	<u>18,612</u>	<u>-</u>	<u>404,329</u>
Total accumulated depreciation	<u>7,363,692</u>	<u>319,327</u>	<u>18,319</u>	<u>7,664,700</u>
Business type activities, capital assets, net	<u>\$ 8,046,246</u>	<u>\$ (245,611)</u>	<u>\$ 1,026</u>	<u>\$ 7,799,609</u>

# CITY OF EUNICE, LOUISIANA

## Notes to Financial Statements

### NOTE 6 LONG-TERM DEBT

The following is a summary of debt transactions for the City of Eunice during the year ended June 30, 2008:

	<u>6/30/07</u>	<u>Additions</u>	<u>Retirements</u>	<u>6/30/08</u>
Recreation complex bonds	\$ 2,345,000	\$ -	\$ 90,000	\$ 2,255,000
General obligations bonds	200,000	-	200,000	-
Notes Payable - Fire Trucks	-	263,307	-	263,307
Notes Payable - LCDBG	-	136,929	-	136,929
Compensated absences payable	<u>46,460</u>	<u>12,235</u>	<u>-</u>	<u>58,695</u>
	<u>\$ 2,591,460</u>	<u>\$ 412,471</u>	<u>\$ 290,000</u>	<u>\$ 2,713,931</u>

Bonds payable at June 30, 2008 is comprised of the following individual issue:

Sales Tax Revenue Bonds (secured by proceeds of a 1% sales and use tax):

Recreation Complex Bonds, Series 2004, dated 12/1/04, original issue of \$2,550,000, retired annually in various installment amounts, bearing interest at 3.75% to 7% per annum, final maturity at 6/1/2024

\$ 2,255,000

Notes Payable at June 30, 2008:

Note payable to Louisiana Office of Community Development in the original amount of \$136,929, payable by an initial lump sum of \$50,000 followed by 120 monthly payments of \$725, bearing no interest

\$ 136,929

Note payable to Sovereign Bank in the original amount of \$343,307, for two fire trucks payable in four annual payments of \$73,395, bearing interest at 4.5% per annum

\$ 263,307

The annual requirement to amortize all debt outstanding at June 30, 2008 including interest payments are as follows:

Year Ending June 30,	Principle Payments			Interest	Total
	Payable LCDBG	Payable Fire Trucks	Recreation Complex		
2009	\$ 55,072	\$ 61,546	\$ 95,000	\$ 112,309	\$ 323,927
2010	8,694	64,316	100,000	104,314	277,324
2011	8,694	67,210	105,000	97,295	278,199
2012	8,694	70,235	110,000	90,333	279,262
2013	8,694	-	115,000	82,882	206,576
2014-2018	43,470	-	670,000	338,212	1,051,682
2019-2023	3,611	-	860,000	172,671	1,036,282
2024	<u>-</u>	<u>-</u>	<u>200,000</u>	<u>9,600</u>	<u>209,600</u>
	<u>\$ 136,929</u>	<u>\$ 263,307</u>	<u>\$ 2,255,000</u>	<u>\$ 1,007,616</u>	<u>\$ 3,662,852</u>

The Debt Service Fund has \$389,148 available of June 30, 2008 to service these debts.

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 7 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES

The City of Eunice levies a 2.2% sales and use tax dedicated as follows:

Proceeds of the 1% sales and use tax levied in 1978, are dedicated as follows:

Under the terms of the sales tax ordinance, all monies collected are deposited into a separate account.

Monies remaining in the sales tax fund after payment of collection expenses may be used for providing additional general fund revenues and for the construction, operations and maintenance of capital improvements.

This is a 25 year sales and use tax that was renewed for an additional 25 years and will expire on December 31, 2028.

Proceeds of the 1% sales and use tax levied in 1962 are dedicated as follows:

Under the terms of the Recreational Complex, Sales Tax Bonds-Series 2004, all monies collected are deposited into a separate sales tax fund account.

After payment of collection expenses monies must be transferred monthly to a "Sales Tax Bond Sinking Fund" established for retirement of these bonds, in amounts equal to one-twelfth of the interest and principal of the bonds becoming due in the next maturity.

A "Sales Tax Bond Reserve Fund" is to be established and transfers from the sales tax fund are to be deposited until such time as the fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund after payment of the above noted obligations maybe used for:

Opening, constructing, paving, resurfacing and improving streets, sidewalks and bridges; constructing and purchasing street lighting facilities; constructing and improving drains, drainage canals and subsurface drainage; constructing and purchasing fire department stations and equipment; constructing and purchasing police department stations and equipment; constructing and purchasing garbage disposal and health and sanitation equipment; constructing public buildings; purchasing, constructing and improving public parks and recreational facilities and acquiring the necessary equipment and furnishings therefore; purchasing equipment for civil defense; constructing, acquiring or improving any work of permanent public improvement; and purchasing and acquiring all equipment and furnishing for public works, buildings, improvements and facilities.

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, to defray costs of operating and maintaining a public library.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 7 FLOWS OF FUNDS - RESTRICTIONS ON USE - SALES TAX REVENUES (Continued)

Providing funds, not to exceed ten percent (10%) of the proceeds of said tax for such year, for the payment of salaries of municipal employees.

The 1962 sales and use tax is a permanent sales tax.

Proceeds of the .2% sales and use tax levied in 1988 are dedicated as follows:

Under the terms of the Bond Indenture for the Public Improvement Bond, ST-1997, all monies collected are deposited into a sales tax fund account.

After payment of collection expenses, monies must be transferred to a sinking fund established for retirement of these bonds, in amounts equal to one-sixth of the interest and one-twelfth of the bonds becoming due in the next maturity.

A reserve fund is established by monthly transfers from the sales tax fund of \$1,000 until such time as the reserve fund has accumulated sufficient funds to equal the highest combined interest and bond payments due for any succeeding fiscal year.

Monies remaining in the sales tax fund may be used for constructing, acquiring, extending, improving, operating and maintaining sewers and sewerage disposal facilities.

The 1988 sales and use tax is a permanent sales tax.

#### NOTE 8 PENSION COST

##### Municipal Employee's Retirement System

Membership in the retirement system is mandatory for all employees who are employed on a permanent basis working at least 35 hours per week. However, new employees over 60 years of age and employees covered by another retirement system are not eligible. Employees are eligible to retire at any age with thirty or more years of creditable service or age 55 with twenty-five years of creditable service. Creditable service means all periods of time for which credit is allowed towards any benefits. Upon retirement, members are entitled to a retirement benefit, payable monthly in an amount equal to three percent of the member's final compensation multiplied by years of creditable service, provided however, that: (1) any member who has held an elective office in a municipality which is a participating employer shall be paid an additional annuity equal to one-half of one percent for each year of such elected service, (2) for any employee who was a member only of the supplemental plan prior to the revision date, the benefit earned for service credited prior to the revision shall be determined on the basis of one percent of final compensation plus two dollars per month for each year of service credited prior to the revision date, and three percent of final compensation of each year of service credited after the revision date; and (3) the benefit of the Section shall not exceed one hundred percent of a member's final salary.

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 8 PENSION COST (Continued)

Final compensation means the average monthly earnings during the highest thirty-six months or joined months if service has interrupted. Final salary means the average monthly earnings of a member during the twelve month period immediately preceding his death or the establishment of Plan A. The System also provides death and disability benefits which require five years of creditable service for eligibility.

The City has several pension plans covering substantially all of its employees, as follows:

- Municipal Employees' Retirement System of Louisiana
- State of Louisiana - Municipal Police Employees' Retirement System
- State of Louisiana - Firefighters' Retirement System
- Louisiana State Employee's Retirement System

Substantially all employees are covered under the Municipal Employees' Retirement System of Louisiana except for firemen, policemen, and judges which are covered under the Firefighters' Retirement System, Municipal Police Employees' Retirement System, and Louisiana State Employees' Retirement System, respectively. Details concerning these plans follow:

##### Municipal Employees' Retirement System of Louisiana

###### Plan description:

The Municipal Employee's Retirement System of Louisiana (the System) is a cost-sharing multiple-employer public employee retirement system (PERS) as established and provided for by R.S. 11:1731 of the Louisiana Revised Statutes (LRS). The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefits provisions. Employees of the City are members of Plan A.

The Municipal Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Employees' Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, LA 70809.

###### Funding policy:

Plan members are required to contribute 9.25% of their annual salary and the City is required to contribute at an actuarially determined rate. The current rate is 13.5% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended June 30, 2008, 2007 and 2006 were \$168,640, \$212,873 and \$215,174, which were equal to the required contributions for each year.

##### State of Louisiana - Municipal Police Employees' Retirement System

###### Plan description:

The Municipal Police Employees' Retirement System (the System) is a cost sharing multiple-employer retirement system (PERS).

## CITY OF EUNICE, LOUISIANA

### Notes to Financial Statements

#### NOTE 8 PENSION COST (Continued)

Membership is mandatory for any full-time police officer employed by a municipality of the State of Louisiana and engaged in law enforcement, empowered to make arrest, providing they do not have to pay social security and providing they meet the statutory criteria. Employees who retire at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Municipal Police Employees Retirement System issues a publicly available report that includes financial statements and required supplemental information. That report may be obtained by writing to Municipal Police Employee's Retirement System, P.O. Box 94095, Capital Station, Baton Rouge, LA 70809-9095.

#### Funding policy:

Plan members are required to contribute 7.5% of their annual covered salary and the City is required to contribute 13.75% as established by the state statute. The City's contributions to the System for the years ended June 30, 2008, 2007 and 2006 were \$115,461, \$128,055 and \$139,084, respectively, which equaled the required contributions for each year.

#### State of Louisiana - Firefighters' Retirement System

#### Plan description:

The Firefighters' Retirement System (the System) is a cost sharing multiple-employer public employee retirement system (PERS), as established and provided for by R.S. 11:2251 through 2269 of the Louisiana Revised Statutes (LRS).

Membership is mandatory as a condition of employment beginning on date employed if the employee is on a permanent basis as a firefighter, not participating in another public funded retirement system and under age fifty (50) at date of employment. Employees who retire at or after age 50 with at least 20 years of credit service, or at or after age 55 with at least 12 years of credited service are entitled to a retirement benefit payable monthly for life, equal to 3-1/3 percent of their average final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Firefighter's Retirement System issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Firefighter's Retirement System, P.O. Box 94095, Capitol Station, Baton Rouge, LA 70804-9095.

# CITY OF EUNICE, LOUISIANA

## Notes to Financial Statements

### NOTE 8 PENSION COST (Continued)

#### Funding policy:

Plan members are required to contribute 8.0% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 13.75% of annual covered payroll. The contribution requirements of Plan members are established and may be amended by the System's Board of Trustees. The City's contributions to the System for the years ended June 30, 2008, 2007 and 2006 were \$73,816, \$88,480 and \$89,918, respectively, which equaled to the required contributions for each year.

### NOTE 9 INTERFUND RECEIVABLES, PAYABLES

	Receivables	Payables
General Fund	\$ 19,434	\$ 2,396
Special Revenue Funds -		
Sales Tax Fund	82,844	-
St.Landry & Acadia Parish Fire District	-	8,408
Court Witness Fees Fund	150	-
Enterprise Fund -		
Utility Fund	9,385	3,808
Fiduciary Fund -		
Payroll Fund	2,275	16,633
Debt Service -		
Public Improvement Bonds (ST-1977)	-	82,843
	<u>\$ 114,088</u>	<u>\$ 114,088</u>

### NOTE 10 RESTRICTED ASSETS - PROPRIETARY FUND TYPE

Restricted assets applicable to customers' deposits at June 30, 2008 are as follows:

Customers' deposits:	
Cash	\$ 63,180
Investments, at cost	<u>200,000</u>
	<u>\$ 263,180</u>

### NOTE 11 ENTERPRISE FUND OPERATIONS

Operations of the City of Eunice Utility System consist of a gas distribution system and sewer utility system. Operating results of the individual utilities for the year ended June 30, 2008 are as follows:

	Gas Department	Sewer Department
Operating Revenues	\$ 2,267,631	\$ 1,257,821
Operating Expenses	<u>2,268,964</u>	<u>1,357,209</u>
Operating Loss	<u>\$ (1,333)</u>	<u>\$ (99,388)</u>

CITY OF EUNICE, LOUISIANA

Notes to Financial Statements

NOTE 11 ENTERPRISE FUND OPERATIONS (Continued)

Operating expenses above include costs which cannot be directly associated with a single department; thus these expenses have been allocated on the basis of gross utility sales. For the fiscal year ended June 30, 2008, the Gas and Sewer Utilities provided services to 4,366 and 5,480 customers, respectively.

## REQUIRED SUPPLEMENTARY INFORMATION

CITY OF EUNICE, LOUISIANA  
General Fund

Budgetary Comparison Schedule  
Year ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 1,231,500	\$ 1,358,000	\$ 1,372,401	\$ 14,401
Licenses and permits	472,000	475,000	530,426	55,426
Intergovernmental revenues	447,600	472,600	476,050	3,450
Fines and forfeitures	8,000	12,000	65,824	53,824
Liberty Cajun Music Show	80,000	89,750	97,514	7,764
Miscellaneous	418,900	393,300	453,441	3,340
Total revenues	<u>2,658,000</u>	<u>2,800,650</u>	<u>2,995,656</u>	<u>195,006</u>
Expenditures:				
Current -				
General government	1,444,750	1,336,800	1,309,929	26,871
Public safety	2,989,700	3,024,200	3,094,413	(70,213)
Public works	729,500	638,500	625,490	13,010
Health and welfare	20,500	10,750	7,020	3,730
Culture and recreation	642,815	618,600	659,894	(41,294)
Other	52,500	43,100	44,476	(1,376)
Total expenditures	<u>5,879,765</u>	<u>5,671,950</u>	<u>5,741,222</u>	<u>(69,272)</u>
Excess (deficiency) of revenues over expenditures	<u>(3,221,765)</u>	<u>(2,871,300)</u>	<u>(2,745,566)</u>	<u>125,734</u>
Other financing sources (uses):				
Operating transfers in	3,260,000	2,895,000	3,010,387	115,387
Operating transfers out	-	-	-	-
Proceeds from sale of capital assets	-	-	21,692	21,692
Total other financing sources (uses)	<u>3,260,000</u>	<u>2,895,000</u>	<u>3,032,079</u>	<u>137,079</u>
Excess of revenues and other sources over expenditures and other uses	38,235	23,700	286,513	262,813
Fund balances, beginning	<u>343,121</u>	<u>21,036</u>	<u>21,036</u>	<u>-</u>
Fund balances, ending	<u>\$ 381,356</u>	<u>\$ 44,736</u>	<u>\$ 307,549</u>	<u>\$ 262,813</u>

CITY OF EUNICE, LOUISIANA  
Sales Tax Fund

Budgetary Comparison Schedule  
Year Ended June 30, 2008

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues:				
Taxes	\$ 4,620,000	\$ 4,637,500	\$ 4,627,877	\$ (9,623)
Intergovernmental revenues	835,000	780,000	845,692	65,692
Interest	130,000	91,000	101,662	10,662
Miscellaneous	-	166,000	121,160	(44,840)
Total revenues	<u>5,585,000</u>	<u>5,674,500</u>	<u>5,696,391</u>	<u>21,891</u>
Expenditures:				
Current -				
General government	92,150	92,650	170,954	(78,304)
Culture and recreation	102,000	102,000	102,000	-
Capital outlay	<u>2,036,000</u>	<u>1,489,900</u>	<u>1,500,283</u>	<u>(10,383)</u>
Total expenditures	<u>2,230,150</u>	<u>1,684,550</u>	<u>1,773,237</u>	<u>(88,687)</u>
Excess of revenues over expenditures	<u>3,354,850</u>	<u>3,989,950</u>	<u>3,923,154</u>	<u>(66,796)</u>
Other financing sources (uses):				
Operating transfers in	-	-	-	-
Operating transfers out	(3,286,000)	(3,286,000)	(3,151,554)	134,446
Issurance of long-term debt	-	409,800	263,307	(146,493)
Total other financing sources (uses)	<u>(3,286,000)</u>	<u>(2,876,200)</u>	<u>(2,888,247)</u>	<u>(12,047)</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	68,850	1,113,750	1,034,907	(78,843)
Fund balances, beginning	<u>2,447,780</u>	<u>2,855,903</u>	<u>2,855,903</u>	-
Fund balances, ending	<u>\$ 2,516,630</u>	<u>\$ 3,969,653</u>	<u>\$ 3,890,810</u>	<u>\$ (78,843)</u>

## OTHER SUPPLEMENTARY INFORMATION

## OTHER FINANCIAL INFORMATION

## NONMAJOR GOVERNMENTAL FUNDS

CITY OF EUNICE, LOUISIANA  
Nonmajor Governmental Funds

Balance Sheet  
June 30, 2008

	Special Revenue Funds	Debt Service Funds	Totals
<b>ASSETS</b>			
Cash and cash equivalents	\$ 105,822	\$ 189,148	\$ 294,970
Investments, at cost	-	200,000	200,000
Receivables (net of allowance for uncollectibles):			
Accounts	222	-	222
Due from other funds	<u>150</u>	<u>-</u>	<u>150</u>
Total assets	<u>\$ 106,194</u>	<u>\$ 389,148</u>	<u>\$ 495,342</u>
<b>LIABILITIES AND FUND EQUITY</b>			
Liabilities:			
Accounts payable	-	-	-
Due to other funds	<u>8,408</u>	<u>82,843</u>	<u>91,251</u>
Total liabilities	<u>8,408</u>	<u>82,843</u>	<u>91,251</u>
Fund balances:			
Reserved for debt service	-	245,884	245,884
Unreserved, undesignated	<u>97,786</u>	<u>60,421</u>	<u>158,207</u>
Total fund balances	<u>97,786</u>	<u>306,305</u>	<u>404,091</u>
Total liabilities and fund balances	<u>\$ 106,194</u>	<u>\$ 389,148</u>	<u>\$ 495,342</u>

CITY OF EUNICE, LOUISIANA  
Nonmajor Governmental Funds

Statement of Revenues, Expenditures and Changes in  
Fund Balances  
Year Ended June 30, 2008

	Special Revenue Funds	Debt Service Funds	Totals
Revenues:			
Intergovernmental revenues	\$ 128,581	\$ -	\$ 128,581
Fines, forfeitures and bonds	5,012	-	5,012
Interest	1,312	5,767	7,079
Miscellaneous	<u>71</u>	<u>-</u>	<u>71</u>
Total revenues	<u>134,976</u>	<u>5,767</u>	<u>140,743</u>
Expenditures:			
Current -			
General government	10,162	-	10,162
Public safety	116,370	-	116,370
Other	-	266	266
Debt service:			
Principal retirement	-	195,000	195,000
Interest paid	<u>-</u>	<u>111,530</u>	<u>111,530</u>
Total expenditures	<u>126,532</u>	<u>306,796</u>	<u>433,328</u>
Excess (deficiency) of revenues over expenditures	<u>8,444</u>	<u>(301,029)</u>	<u>(292,585)</u>
Other financing sources:			
Operating transfers in	-	300,000	300,000
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>300,000</u>	<u>300,000</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	8,444	(1,029)	7,415
Fund balances, beginning	<u>89,342</u>	<u>307,334</u>	<u>396,676</u>
Fund balances, ending	<u>\$ 97,786</u>	<u>\$ 306,305</u>	<u>\$ 404,091</u>

## NONMAJOR SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purpose.

### PUBLIC SAFETY TESTING FUND

*To account for receipts and expenditures associated with court fees collected in connection with drug and alcohol related driving offenses.*

### COURT APPEARANCE BOND FUND

To account for receipts and expenditures associated with the receipt of appearance bonds collected on arrests and traffic citations.

### ST. LANDRY & ACADIA PARISH FIRE DISTRICT

To account for receipts and expenditures associated with the cooperative agreement between the city and area fire districts, to provide fire protection.

### WITNESS FEES FUND

To account for receipts and expenditures associated with witness fees collected by City Court.

CITY OF EUNICE, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Balance Sheet  
June 30, 2008

	Public Safety Testing Fund	Court Appearance Bond Fund	St. Landry & Acadia Parish Fire District	Witness Fees Fund	Totals
<b>ASSETS</b>					
Cash	\$ 8,796	\$ 5,600	\$ 86,043	\$ 5,383	\$ 105,822
Accounts receivable	-	-	222	-	222
Due from other funds	-	-	-	150	150
Total assets	<u>\$ 8,796</u>	<u>\$ 5,600</u>	<u>\$ 86,265</u>	<u>\$ 5,533</u>	<u>\$ 106,194</u>
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	8,408	-	8,408
Total liabilities	-	-	8,408	-	8,408
Fund balances:					
Unreserved, undesignated	8,796	5,600	77,857	5,533	97,786
Total fund balances	<u>8,796</u>	<u>5,600</u>	<u>77,857</u>	<u>5,533</u>	<u>97,786</u>
Total liabilities and fund balances	<u>\$ 8,796</u>	<u>\$ 5,600</u>	<u>\$ 86,265</u>	<u>\$ 5,533</u>	<u>\$ 106,194</u>

CITY OF EUNICE, LOUISIANA  
Nonmajor Special Revenue Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2008

	Public Safety Testing Fund	Court Appearance Bond Fund	St. Landry & Acadia Parish Fire District	Witness Fees Fund	Totals
<b>Revenues:</b>					
Intergovernmental revenues	\$ 2,713	\$ -	\$ 111,119	\$ 14,749	\$ 128,581
Fines, forfeitures and bonds	-	5,012	-	-	5,012
Interest	101	-	1,189	22	1,312
Miscellaneous	-	54	17	-	71
Total revenues	<u>2,814</u>	<u>5,066</u>	<u>112,325</u>	<u>14,771</u>	<u>134,976</u>
<b>Expenditures:</b>					
Current ~					
General government	-	-	-	10,162	10,162
Public safety	<u>2,497</u>	<u>5,399</u>	<u>108,474</u>	<u>-</u>	<u>116,370</u>
Total expenditures	<u>2,497</u>	<u>5,399</u>	<u>108,474</u>	<u>10,162</u>	<u>126,532</u>
Excess (deficiency) of revenues over expenditures	<u>317</u>	<u>(333)</u>	<u>3,851</u>	<u>4,609</u>	<u>8,444</u>
<b>Other financing sources (uses):</b>					
Operating transfers in	-	-	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	317	(333)	3,851	4,609	8,444
Fund balances, beginning	<u>8,479</u>	<u>5,933</u>	<u>74,006</u>	<u>924</u>	<u>89,342</u>
Fund balances, ending	<u>\$ 8,796</u>	<u>\$ 5,600</u>	<u>\$ 77,857</u>	<u>\$ 5,533</u>	<u>\$ 97,786</u>

## NONMAJOR DEBT SERVICE FUNDS

### RECREATION COMPLEX DEBT SERVICE FUND

To accumulate monies for payment of the \$ 2,550,000 Recreation Complex Sales Tax Revenue Bonds, Series 2004.

### SINKING FUND

To accumulate monies for payment of bond indebtedness.

CITY OF EUNICE, LOUISIANA  
Nonmajor Debt Service Funds

Combining Balance Sheet  
June 30, 2008

	Recreation Complex Debt Service Fund	City of Eunice Sinking fund ST-1997	Totals
Cash	\$ 45,884	\$ 143,264	\$ 189,148
Investments, at cost	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total assets	<u>\$ 245,884</u>	<u>\$ 143,264</u>	<u>\$ 389,148</u>
Liabilities:			
Due to sales tax fund	<u>\$ -</u>	<u>\$ 82,843</u>	<u>\$ 82,843</u>
Total liabilities	<u>-</u>	<u>82,843</u>	<u>82,843</u>
Fund balances:			
Reserved for debt service	245,884	-	245,884
Unreserved, undesignated	<u>-</u>	<u>60,421</u>	<u>60,421</u>
	<u>245,884</u>	<u>60,421</u>	<u>306,305</u>
Total liabilities and fund balances	<u>\$ 245,884</u>	<u>\$ 143,264</u>	<u>\$ 389,148</u>

CITY OF EUNICE, LOUISIANA  
Nonmajor Debt Service Funds

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Year Ended June 30, 2008

	Recreation Complex Debt Service Fund	City of Eunice Sinking fund ST-1997	Totals
Revenues:			
Interest	\$ 1,637	\$ 4,130	\$ 5,767
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>
Total revenues	<u>1,637</u>	<u>4,130</u>	<u>5,767</u>
Expenditures:			
Current -			
Other	261	5	266
Debt service -			
Principle retirement	90,000	105,000	195,000
Interest paid	<u>105,860</u>	<u>5,670</u>	<u>111,530</u>
Total expenditures	<u>196,121</u>	<u>110,675</u>	<u>306,796</u>
Excess (deficiency) of revenues over expenditures	<u>(194,484)</u>	<u>(106,545)</u>	<u>(301,029)</u>
Other financing sources (uses):			
Operating transfers in	195,828	104,172	300,000
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing uses	<u>195,828</u>	<u>104,172</u>	<u>300,000</u>
Excess of revenues and other sources over expenditures and other uses	1,344	(2,373)	(1,029)
Fund balance, beginning	<u>244,540</u>	<u>62,794</u>	<u>307,334</u>
Fund balance, ending	<u>\$ 245,884</u>	<u>\$ 60,421</u>	<u>\$ 306,305</u>

## ENTERPRISES FUNDS

### UTILITY FUND

To account for the city's operation of the gas and sewer departments.

CITY OF EUNICE, LOUISIANA  
Enterprise Fund  
Utility Fund

Statement of Revenues, Expenditures and Changes in Net Assets  
Year Ended June 30, 2008

	Gas Department	Sewer Department	Total
Operating revenues:			
Charges for services	\$ 2,227,399	\$ 1,237,991	\$ 3,465,390
Other billings to customers	<u>40,232</u>	<u>19,830</u>	<u>60,062</u>
Total operating revenues	<u>2,267,631</u>	<u>1,257,821</u>	<u>3,525,452</u>
Operating expenses:			
Payroll and related benefits	259,698	264,195	523,893
Gas purchases	1,684,439	-	1,684,439
Supplies and materials	33,992	118,440	152,432
Repairs and maintenance	51,507	322,997	374,504
Office expenses	25,259	10,030	35,289
Professional fees	5,000	12,443	17,443
Insurance - general	53,277	30,924	84,201
Depreciation	93,930	225,397	319,327
Group insurance	44,380	39,621	84,001
Permits	-	13,358	13,358
Utilities and telephone	3,826	308,432	312,258
Miscellaneous	<u>13,656</u>	<u>11,372</u>	<u>25,028</u>
Total operating expenses	<u>2,268,964</u>	<u>1,357,209</u>	<u>3,626,173</u>
Operating loss	<u>\$ (1,333)</u>	<u>\$ (99,388)</u>	<u>(100,721)</u>
Nonoperating income (loss):			
Interest earned on investments			15,361
Other revenue			31,301
Loss on sale of capital assets			<u>(308)</u>
Total nonoperating income			<u>46,354</u>
Loss before operating transfers			<u>(54,367)</u>
Operating transfers:			
Operating transfers in			279,817
Operating transfers out			<u>(438,650)</u>
Total operating transfers			<u>(158,833)</u>
Change in net assets			(213,200)
Net assets, beginning			<u>8,696,285</u>
Net assets, ending			<u>\$ 8,483,085</u>

**INTERNAL CONTROL, COMPLIANCE  
AND  
OTHER GRANT INFORMATION**



# Darnall, Sikes, Gardes Frederick

(A Corporation of Certified Public Accountants)

## Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor Robert A. "Bob" Morris  
and Members of the Council  
City of Eunice, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Eunice, Louisiana, as of and for the year ended June 30, 2008, which collectively comprise the City of Eunice's basic financial statements and have issued our report thereon dated November 10, 2008. We conducted our audit in accordance with generally accepted auditing standards, the standards applicable to financial audits contained in government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget (OMB) Circular A-133 "Audits of States, Local Governments, and Non-Profit Organizations".

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

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A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying schedule of financings and questioned costs as 08-1, 08-02 and 08-3 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency or a combination of significant deficiencies that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, federal awarding agencies and pass through entities. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document, therefore its distributions not limited.

*Darnall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
November 10, 2008



## Darnall, Sikes, Gardes Frederick.

(A Corporation of Certified Public Accountants)

### Report on Compliance with Requirements Applicable to Each Major Program And Internal Control Over Compliance in Accordance With OMB Circular A-133

The Honorable Mayor Robert A. "Bob" Morris  
and Members of the Council  
City of Eunice, Louisiana

#### Compliance

We have audited the compliance of the City of Eunice, Louisiana with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. the City of Eunice, Louisiana's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the City of Eunice, Louisiana's management. Our responsibility is to express an opinion on the City of Eunice, Louisiana's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations". Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of Eunice, Louisiana's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Eunice, Louisiana's compliance with those requirements.

In our opinion, the City of Eunice, Louisiana complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

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### Internal Control Over Compliance

The management of the City of Eunice is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City of Eunice's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We noted no matters involving the internal control over compliance and its operation that we consider to be material weakness.

The City's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended for the information and use of management, federal awarding agencies, and pass-through entities. However, under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana legislative auditor as a public document, therefore its distribution is not limited.

*Darnall, Sikes, Gardes & Frederick*

A Corporation of Certified Public Accountants

Eunice, Louisiana  
November 10, 2008

CITY OF EUNICE, LOUISIANA  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2008

<u>Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Disbursements/ Expenditures</u>	<u>Amounts to Subrecipients</u>
U.S. DEPARTMENT OF TRANSPORTATION:			
Airport Improvement Program			
Passthrough the State of Louisiana Department of Transportation and Development			
State Project No. 901-01-0014			
AIP No. 3-22-0016-009-2007	20.106	\$ 717,725	\$ -
U.S. DEPARTMENT OF HOMELAND SECURITY:			
Assistance to Firefighters Grant	97.044	<u>74,320</u>	<u>-</u>
Total		<u>\$ 792,045</u>	<u>\$ -</u>

NOTE 1 BASIS OF PRESENTATION

The above schedule of expenditures of federal awards includes the federal grant activity of the City of Eunice, Louisiana and is presented on the same basis of accounting as described in Note 1 to the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations".

The accompanying notes are an integral part of the basic financial statement.

## CITY OF EUNICE, LOUISIANA

### Schedule of Findings and Questioned Costs Year Ended June 30, 2008

#### Part I Summary of Auditor's Results

##### FINANCIAL STATEMENTS

###### Auditor's Report

An unqualified opinion has been issued on the City of Eunice, Louisiana's financial statements as of and for the year ended June 30, 2008.

###### Significant Deficiencies - Financial Reporting

*Three significant deficiencies in internal control over financial reporting were disclosed during the audit of the financial statements and are shown as item 08-1, 08-2 and 08-3 in Part II. These significant deficiencies are not considered material weaknesses.*

###### Material Noncompliance - Financial Reporting

There were no instances of noncompliance noted during the audit of the financial statements.

##### FEDERAL AWARDS

###### Auditor's Report - Major Program

In our opinion, the City of Eunice, Louisiana complied, in all material respects, with the requirements that are applicable to its major federal program for the year ended June 30, 2008.

###### Major Program - Identification

For the year ended June 30, 2008, City of Eunice, Louisiana had one major program which was the U.S. Department of Transportation, Federal Aviation Administration, Airport Improvement Program (CFDA #20.106), which was tested.

###### Major Program - Threshold

The dollar threshold to distinguish Type A and Type B programs is \$300,000 for the fiscal year ended June 30, 2008.

###### Low-Risk Auditee

City of Eunice, Louisiana was not considered a low-risk auditee for the fiscal year ended June 30, 2008.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008

Findings related to the Major Program

There were no audit findings relative to the major federal award program for the fiscal year ended June 30, 2008.

Part II Findings Relating to an Audit in Accordance with *Government Auditing Standards*

08-1 Individual Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Response:

A complete segregation of duties is not feasible due to the cost-benefit of hiring additional personnel and the size of the City's operations.

08-2 Cash Management

Finding:

The following checking accounts and activity of these accounts are not recorded within the City's centralized accounting system:

- The Police Department Evidence Fund account. We also noted that a listing of deposits and withdrawals is maintained; however, the identity of the individuals and their respective balances maintained in this account was not available at June 30, 2008.
- Drug Forfeiture account.
- Cajun Music Hall of Fame & Museum (CFMA) account.
- KEEP Program account.

CITY OF EUNICE, LOUISIANA

Schedule of Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008

Recommendation:

The City should maintain control and record activity for all bank accounts associated with City's federal tax identification number.

Response:

The activity of these bank accounts will be recorded in the City's accounting records.

08-3     Utility Fund Receivables

Finding:

An *Open Receivable Report* which details the receivables for sewer and gas billings was not generated at year end and bad debts were not recorded at June 30, 2008. The bad debts should be recorded by management prior to generating this report at year end.

Recommendation:

This report should be produced with the end of year activity including any bad debts recognized.

Response:

The City will generate this report at year end and any bad debts will be recorded prior to generation of this report.

Part III     Findings and Questioned Costs Relating to the Federal Programs

There were no findings or questioned costs relating to federal programs.

Part IV     Management Letter

The auditor did not issue a separate management letter this year.

CITY OF EUNICE, LOUISIANA

Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2008

07-1 Individual Segregation of Accounting Functions

Finding:

Due to the small number of accounting personnel, the City did not have adequate segregation of functions within the accounting system.

Recommendation:

Based on the size of the operation and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

Status:

This finding has not been resolved. See current finding 08-01.

07-2 Cash Management

Finding:

The following checking accounts and activity of these accounts are not recorded within the City's centralized accounting system:

- The Police Department Evidence Fund account. We also noted that listing of deposits and withdrawals is maintained; however, the identity of the individuals and their respective balances maintained in this account was not available at June 30, 2007.
- Drug forfeiture account.
- Cajun Music Hall of Fame & Museum (CFMA) account.
- KEEP Program account.

Recommendation:

The City should maintain control and record activity for all bank accounts associated with City's federal tax identification number.

Status:

This finding has not been resolved. See current finding 08-02.

CITY OF EUNICE, LOUISIANA

Schedule of Prior Year Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008

07-3 Utility Fund Receivables

Finding:

An *Open Receivable Report* which details the receivables for sewer and gas billings was not generated at year end and bad debts were not recorded at June 30, 2007. The bad debts should be recorded by management prior to generating this report at year end.

Recommendation:

This report should be produced with the end of year activity including any bad debts recognized.

Status: This finding has not been resolved. See current finding 08-03.

07-4 Computer System Backup Tapes

Finding:

The City's computerized financial records are backed-up daily on magnetic tapes which are reused every week. These tapes are stored onsite in the City's vault.

Recommendation:

Consideration should be given to maintaining offsite storage of backup records as a preventive measure to aid in disaster recovery. In addition the City should not be reusing tapes for recordings beyond the number of uses recommended by the tape manufacture. This will reduce the likelihood of mechanical failure when recovery of information from the tapes may be required.

Response:

This finding has been resolved.

07-5 Payroll System Maintenance of Terminated Employees

Finding:

During our audit, we noted a check for an individual who had previously ended their employment with the City was generated by the payroll system. Although the check was properly identified and voided during the review process, the payroll system was not updated to identify the individual as inactive to prevent the printing of unauthorized checks.

CITY OF EUNICE, LOUISIANA

Schedule of Prior Year Findings and Questioned Costs (Continued)  
Year Ended June 30, 2008

Recommendation:

At the time an individual terminates employment with the City, written notification should be provided to the payroll department. Upon issuance of the employee's final check, the payroll system should be updated to identify the individual as inactive. In addition, the written notice of termination should be placed in the employee's personnel file.

Response:

This finding has been resolved.

CITY OF EUNICE, LOUISIANA

Schedule of Compensation Paid to Members of the Council  
Year Ended June 30, 2008

Mayor, Robert A. Morris	\$ 28,410
I. Jackson Burson	13,700
Chawana Fontenot	7,120
Dale Soileau	7,120
Marguerite F. Simpson	7,120
Wallace J. Bourque, Jr.	<u>7,120</u>
	<u>\$ 70,590</u>